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DE RUEHC #2965 0701851 ZNR UUUUU ZZH O 111834Z MAR 09 FM SECSTATE WASHDC TO RUEHIL/AMEMBASSY ISLAMABAD IMMEDIATE 9411 RUEHBUL/AMEMBASSY KABUL IMMEDIATE 9275 RUEHNE/AMEMBASSY NEW DELHI IMMEDIATE 3417

UNCLAS STATE 022965

SENSITIVE SIPDIS

E.O. 12958: N/A

TAGS: <u>EAGR EAID ECON ETRD IN PK PREL AF</u> SUBJECT: DEMARCHE: PRESS THE AFGHAN, PAKISTAN AND INDIAN GOVERNMENTS TO SHIP INDIA'S WHEAT DONATION TO AFGHANISTAN

REF: A. KABUL 505 ¶B. NEW DELHI 79

- 11. (SBU) This is an Action Request, see paragraphs 6-8.
- (SBU) The Indian donation of 250,000 mt of wheat to Afghanistan is a very welcome, generous action. The U.S. would like to urge the governments of Afghanistan, Pakistan and India to work together to realize this donation as soon as possible.
- 13. (SBU) Based on the Indian aid offer, Afghanistan must cover the cost of a secure transport. We understand the Afghan government is prepared to cover reasonable transport costs. But given the government,s financial circumstances, it is critical that the parties find the cheapest possible means to deliver the aid. Ground transshipment through Pakistan would be the cheapest and fastest way to deliver the aid.
- (SBU) Pakistani agriculture officials have raised possible phytosanitary concerns regarding the presence of karnal bunt fungus in Indian wheat. The U.S. understands this concern is scientifically based. We addressed similar concerns in a US wheat $s\bar{h}ipment$ by certifying our wheat came from regions where the fungus was not present. We do not know whether India could use a similar approach. Another way to overcome this issue would be to $\min \bar{l}$ the wheat in India and deliver bagged flour to Afghanistan. Milling would add to the cost, though not excessively, we believe. If Afghanistan is unable to absorb the cost of milling, perhaps India could donate a lesser quantity of flour without increasing the total cost of its donation.
- 15. (SBU) Announcement of an agreed plan for transshipping the commodity would make a welcome deliverable for the next Regional Economic Cooperation Conference on Afghanistan. intend to pursue this question with the delegations at the EU preparatory meeting on March 17. If time is too short to achieve a resolution, we urge the three governments at least to use these gatherings as an opportunity to consult on modalities and report progress to the full conference.
- $\P6$. (SBU) KABUL ACTION REQUEST: Mission should urge Afghanistan to work with the governments of India and Pakistan to prompt immediate transshipment of India,s wheat donation to Afghanistan through Pakistan. Afghanistan should be prepared to cover reasonable transport and security shipping costs of India, s wheat donation. Afghanistan should also be encouraged to work with the Pakistani Government to seek implementation of President Zardari,s commitment to allow transshipment of the Indian wheat and to request that the Indian Government also mill the wheat prior to shipment.
- 17. (SBU) NEW DELHI ACTION REQUEST: Mission should transmit US appreciation of the Government of India,s generous donation and encourage India to take an active hand in helping

Afghanistan to arrange for transport of the wheat to Afghanistan. In particular we want to encourage the Indians to mill the wheat in India and work with Pakistan on a secure transshipment arrangement. We believe that milling the wheat in India will overcome Pakistan,s phytosanitary restrictions.

18. (SBU) ISLAMABAD ACTION REQUEST: Mission should press the Government of Pakistan to implement the commitment that President Zardari made to President Karzai during their January meeting to facilitate secure transshipment of the Indian Wheat donation to Afghanistan. Mission should press for GOP support to allow the transshipment of milled wheat. We recognize that there may be legitimate phytosanitary concerns for shipping the raw wheat, but hope Pakistani authorities can engage with Afghan and Indian counterparts to find a way to address concerns. Mission should also take this opportunity to encourage the Pakistan government to officially lift its grain export ban, in light of expected harvest levels. This step would promote regional trade, promote increased predictability in regional grain markets, and facilitate market determination of prices. CLINTON